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The Pittsburgh Commercial.

VOL. X. PITTSBURGH, TUESDAY MORNING, DECEMBER 3, 1872.—WITH SUPPLEMENT. NO. 73.

FIRST EDITION.

MESSAGE
OF THE
President of the United States.

To the Senate and House of Representatives:

In transmitting to you, my fourth annual message, it is with thankfulness to the Giver of all Good that, as a nation, we have been blessed for the past year with peace at home and abroad, and with a general prosperity vouchsafed to but few people.

THE BOSTON FIRE.

With the exception of the great devastating fire, which swept from the earth with a breath, as it were, millions of accumulated wealth in the city of Boston, there has been no overshadowing calamity within the year to record. It is unfortunate now, like their fellow-citizens of the city of Chicago, under similar circumstances a year earlier, the citizens of Boston are rallying under their misfortunes, and the prospect that their energy and perseverance will overcome all obstacles, and show the same prosperity soon that they would had no disaster befallen them. Otherwise we have been free from pestilence, war and calamities, which, under ordinary conditions, would as far as human judgment can penetrate the future no cause seems to exist to threaten our present peace.

ALABAMA CLAIMS ARBITRATION.

When Congress adjourned in June last, a question had been raised by Great Britain, and was then pending, which, for a time, seriously imperilled the settlement by friendly arbitration of the grave differences between this government and that of Her Britannic Majesty, which, under the treaty of Washington, had been referred to the Tribunal of Arbitration which met at Geneva in Switzerland. The arbitrators, however, disposed of the question which had jeopardized the whole of the treaty, and thereby removed the cause of complaint unhappy relations toward each other, in a manner entirely satisfactory to this government and in accordance with the views and the policy which it had maintained. The tribunal, which had convened at Geneva in December, concluded its laborious session on the 14th day of September last, on which day, having reduced to writing the result of their conclusions of law and of fact, they delivered the same, in open session, to the agents of the two governments. The award in writing, rendered that the sum of fifteen millions five hundred thousand dollars in gold as the indemnity to be paid by Great Britain to the United States for the satisfaction of all the claims referred to its consideration. This decision happily disposes of a long pending difference between the two governments, and in connection with another award made by the German Emperor, under a reference to him by the same treaty, leaves these two governments without a shadow upon their friendly relations, it is hoped, for many years to come. The report of the agent of the United States appointed to attend the Geneva Tribunal, accompanied by the printed papers, the proceedings of the arbitrators, the arguments of the counsel of both governments, the decisions of the Tribunal and the opinions given by the several arbitrators, will be communicated herewith. I have caused to be transmitted to the heads of three friendly powers, who complied with my friendly request to be represented on the bench of arbitrators, made by my predecessor, copies of the case, counter case, and the documents, evidence and papers which were laid before the tribunal. To the eminent personages who accepted the trust, and discharged the duties of arbitrators made by the treaty, and who, by their peaceful judgments, have rendered a service of the highest importance to the two governments, and in addition to the dignity, patience, impartiality and great ability with which they discharged the delicate and responsible duties of their office, Her Britannic Majesty's government has communicated to me its appreciation of how they have performed their duties. The same just and honorable impartiality displayed by Mr. Adams, the arbitrator named on the part of this government, during the protracted and laborious sessions of the Tribunal, I cordially unite with Her Majesty in bearing testimony to, and in the gratitude of the United States before the Tribunal is record my high appreciation of the earnest ability, unwearied patience and independence and discretion with which he has conducted to the close the responsible duties committed to him, as it is also due to the learned and eminent counsel who attended the Tribunal on the part of the government, for the ability and sense of honor with which they brought to bear in the attainment of the result reached.

DISTRIBUTION OF THE MONEY.

It will be the province of Congress to provide for the distribution, among those who may be entitled to it, of their respective shares of the money to be paid. Although the sum awarded is to be paid within a year from the date of the award, it is deemed advisable that no time be lost in making a proper provision of the necessary funds, as the appropriation may be due. I consequently recommend the creation of a Board of Commissioners for this purpose.

THE SAN JUAN BOUNDARY.

By the third article of the treaty of Washington, the respective claims of the United States and of Great Britain, in relation to the water boundary of the 18th of June, 1846, defining the boundary line between their respective territories, were submitted to the arbitration and award of His Majesty, the Emperor of Germany, to decide which of these claims was most in accordance with the true interpretation of the treaty of 1846. His Majesty, the Emperor of Germany, kindly consented to undertake the arbitration, has the earnest thanks of his Government and of the people of the United States, for the labor, care and attention he has devoted to the consideration of this long-pending difference. I have caused a copy of the case and counter case of the United States to be communicated to His Majesty. Mr. Bancroft, the minister accredited by this government at Berlin conducted the case and prepared the statement on the part of the United States in the absence of his past service justified the public in expecting an able manual. As a measure preliminary to the award of the treaty which has given rise to the discussion between the two governments, a Joint Minister to determine the line of demarkation has pronounced unfounded was first advanced, and as the agent and representative of the government watched the case and to receive the award, he has been associated with the question from its inception, and in every stage has manifested a patriotic zeal and earnestness in the maintenance of the claim of the United States. We are indebted to none for the success which has attended the submission, Arbitration and final award in writing, decreeing that the claim of the government of the United States, that the line of boundary had been designated in the treaty of Her Britannic Majesty and the United States should be drawn through the Haro channel, and that the construction put upon the treaty in the true interpretation of the treaty concluded on the 15th of June, 1846, between the governments of Her Britannic Majesty and the United States. Copies of the case were presented on behalf of each government to the Arbitrator, and a translation of the award is transmitted herewith. This award confirms the United States in their claim to the important archipelago of islands lying between this continent and Vancouver's Island, which have been in dispute for years—ever since the ratification of the treaty—Great Britain has contested, and leaves us, for the first time in the history of the United States, in addition, without a question of disputed boundaries between our territories and those of Great Britain on this continent. It is my pleasant duty to announce the prompt, fraternal unity and cordial good-will with which the decision of the Arbitrator, whereby it assigned the claim of fifteen millions five hundred thousand dollars in gold as the indemnity to be paid by Great Britain to the United States for the satisfaction of all the claims referred to its consideration. 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The Daily Commercial.

TUESDAY, DECEMBER 3, 1872.

THE city elections take place to-day, the most important officers to elect being members of Council, School Directors, Aldermen and members of the Board of Revision under the equalization ordinance. Tickets have been nominated in all the wards, and every citizen should feel it incumbent on him to vote. The Republican candidates regularly placed in nomination are well selected, and should receive the full party vote.

VOTE EARLY. This, we know, is a hackneyed admonition; nevertheless, it needs often to be repeated. A considerable portion of our voting population reside in the outer wards, while doing business down town; and some of them not infrequently lose their votes altogether, either by not voting before leaving in the morning, or by not returning until late in the evening, when the polls are liable to be crowded. As many as can should make a point of voting in the morning, and this suggestion applies as well to voters in the old wards as in the new.

CONGRESS is now in session. In view of the inevitable holiday recess, which will leave barely fifty working days during the session, it is greatly to be hoped that no time may be wasted in mere discursive talk. Oratory is well enough in its place, but the business interests of the country come first. Let our legislators emulate the example set by WASHINGTON and FRANKLIN, of whom JEFFERSON says that during their entire period of service of nearly forty years neither of them speak ten minutes at a time, nor to any but the main point which was to decide the question. "They laid their shoulders to the great points, knowing that the little ones would take care of them selves." There is a hint in this which may be useful to great advantage.

IN THE course of some thoughtful observations on the subject of compulsory education, which is rapidly coming to the front as one of the most important public questions of the time, a local contemporary thinks that if our public school studies were properly modernized, and the schools rendered agreeable and attractive, there would be no need of compulsory education, since attendance would then be voluntary. No one will dispute the need of the reforms to which our contemporary calls attention, neither is there any doubt that if they were carried into practice the percentage of attendance at our public schools would, in all likelihood, be considerably increased. Unhappily, however, there are very many parents who, no matter how pleasant might be the school-room, nor how admirable the course of instruction, would still fail to compel their children to attend. This is apparent from the fact that, notwithstanding our great and improved educational incentives and facilities, the mass of ignorance is steadily increasing, the proportion of illiterate adults to the whole population of the country being greater to-day than it was twenty years ago. There is, of course, much to be said on both sides of the subject; still the question remains whether the interest in the morals of its citizens which every State should possess, does not authorize it to take the nascent vagrant or criminal—for crime and ignorance are closely allied—in hand in time to save him, rather than to build prisons for his restraint after he is matured. It is a very important question, and one which is constantly becoming more grave.

THE statistical returns of our foreign commerce for the fiscal year ending June 30, 1872, just published, are, upon the whole, of a comparatively satisfactory character, although the imports are still considerably in excess of the domestic and foreign exports, which is a balance on the wrong side of the house. During that period the imports amounted to $640,337,540; the domestic exports (specie values) to $501,164,971, and the foreign exports to $22,769,749. The report also contains detailed lists of the arrival of immigrants in the United States, for the quarter ending June 30, 1872, and for the year ended the same. The total number arrived during the year was 404,806, of whom 240,170 were males, and 164,636 females. They represent 176 occupations, and come from about a hundred different countries. These tables are followed by a valuable statistical exhibit, showing the quantities and values of our imports and domestic exports for 1871 and 1872, and the actual increase or decrease in value of the principal articles. Our importation of merchandise during the present fiscal year will unquestionably be considerably below that of last year; the English trade reports for October, in a table of fifteen articles of export, which represent almost three-fourths of the total value of exports, showing a decrease in quantity in the case of all but four, eight of them showing a decrease in value as well. This falling off is of course largely caused by the partial suspension from this country for goods which, being protected by our tariff policy, are beginning to be manufactured in large quantities at home. Before the close of the present fiscal year we shall probably be considerably further emancipated from dependence on the British market.

THE CRISIS IN FRANCE.

No other crisis so embarrassing and perilous as the one now existing in France has occurred since M. THIERS came into power. It has been foreshadowed for several weeks in the increasing alienation of parties, in the vehement tone of the partisan journals, and especially in the excitement and anxiety produced by the speeches of Gambetta. The party of the Left Center in the Assembly, that is, the party which favors the conservative republic, numbers only about a hundred and fifty, or one-fifth of the members. These have given THIERS pretty loyal and uniform support, but without the votes of the Extreme Left, or radical party, on all questions affecting the fundamental form of the government, and without the occasional vote of the Right Center, or monarchical party, the conservative republic must have long ago gone to pieces. When, therefore, Gambetta announced the conversion of the republic as an "ignoble comedy," in which neither MacMahon could consistently play his part, and the President, on account of his need of GAMBETTA'S support, dared not, in accordance with French ideas of freedom of speech, interpose either to punish or rebuke the audacious railer, a fair pretext was given, on the part of the monarchists for the cries that THIERS sympathized with radicalism, that property was in danger, and that there must be no further compromise with republicanism. Hence, in anticipation of the re-opening of the sessions of the Assembly, all patriotic French hearts were full of anxiety as to what might happen. The peril was foreseen to be that THIERS would no longer be able to maintain the republic and compromise among the antagonistic parties, and that the "pact of Bordeaux," as it is called, might come to an end in a general scramble between monarchists, radicals and conservative republicans for the possession of power. This imbroglio is the peril which seems drawing ever nearer and may burst upon France before these words reach our readers.

A committee to prepare a constitution or organic law for the creation, the prolongation of M. THIERS's power for four years, the election of a Vice President to take his place in case of death or resignation, and the creation of a second chamber, these are the leading measures which the Left Center are in favor of. The manifest purpose of these measures is and their tendency, if adopted, would be to consolidate the republic and make it the permanent form of government. And by Frenchmen of unimpeachable honesty and intelligence it is confidently affirmed that a great majority of the French people are now prepared to accept the republic as the form best suited to the condition and wants of the nation. That a decided preponderance of the intelligence and culture of the nation is thus minded there can be no doubt. It is also a very significant fact that this republican sentiment in France is the obvious result of the actual working of the republic, so called, under the administration of THIERS. Successive elections in various departments and localities, and many other indications, have proved that from being largely monarchical the French people are rapidly becoming largely republican. In the Assembly, however, consisting of members elected for a specific purpose, amidst the despondency and gloom which succeeded the German war, the supporters of monarchy, Orleanists, Legitimists and Bonapartists, are greatly in the majority. While by their divisions, paltry animosities, and impracticable and unpatriotic statesmanship they have also helped to republicanize them. Hence the Assembly some time ago ceased to represent the nation. GAMBETTA therefore demands that it shall dissolve itself and give place to deputies who can represent the nation. But conservative republicans and monarchists concur in the resolution to retain their places. The former are influenced chiefly by fear of radical ascendancy, and the consequent necessity of a union with the royalists under a king or an emperor to save property and society; and the monarchists, protesting and perhaps believing that they still represent their constituents, are determined not to resign the advantages which they possess.

In the actual condition of affairs the conduct of the royalists is so disgracefully unpatriotic and selfish that it would seem sufficient to discredit and disgrace their cause forever. They now see that by supporting THIERS and the republic they have helped to establish the republic and to make the people republicans. Repenting of their patriotic condescension in the past, they refuse any longer to encourage a form of government which they dislike, and manifest a purpose to gratify their political partialities, whatever may be the disastrous consequences of their ignoble obstinacy. They present a singular spectacle—that of a factious majority in an Assembly of which the minority is believed to represent the nation in supporting the President.

What the results of the crisis are to be it is impossible to conjecture. THIERS will no doubt do all in his power to effect a reconciliation, and will not resign his place while there is any hope of adjustment. Failing to effect a settlement he may not even then resign but may make a final appeal to the patriotism of the Assembly and the country and thus acquire the moral force necessary to sustain him. Should this resource fail, there would seem to be nothing left to look for but an armed conflict of parties. The majority of the Assembly would legally have a right to command the army and the army might or might not obey. General CHANGARNIER who is said to be put forward by a coalition of the royalists of all parties, and who is believed to have ambitious aspirations, is known to be one of the most unpopular officers in the army. And in case of a final rupture of parties in the Assembly the army is not likely to act as a unit under any single commander. Whether it should so act or not, civil war would appear to be inevitable, the beginning of which would be the signal followed by the immediate reoccupation of the vacated departments by the Germans.

THE PRESIDENT'S ME-SAGE.

The President's Message to Congress, herewith printed, has several features in common with his previous annual communications to that body. Like them, it is, on the one hand almost totally devoid of grace of style or composition, but distinguished on the other by the same direct straightforwardness of utterance, the same clear knowledge of the practical needs of the time, the same hearty desire of promoting the best interests of the country and of advancing the cause of civilization at large, and the same uncommon aptitude of hitting upon the simplest and best methods by which these are to be subserved and forwarded.

The topics embraced in the Message are so numerous, and the condition of our columns is so crowded, that it is impossible to give the document anything like the consideration which its importance demands.

There are many recommendations and references, however, which it would be gratifying to note in detail; among them the business-like suggestions of the President in regard to the appointment of a Joint Commission for the immediate completion of the survey and determination of that portion of the San Juan boundary line upon which the commission that determined the remaining part of the line were unable to agree, and of one to determine the line of our boundary between Alaska and the neighboring possessions of Great Britain. These suggestions, as well as the recommendation that an increase should be made in the surveying force for fixing the line between the United States and British possessions between the Lake of the Woods and the Rocky Mountains, to the end that it may be completed at once, show the President's anxiety that the nation shall settle its affairs as it goes, instead of leaving a legacy of doubt and uncertainty to the future.

The recommendations of the Message with regard to public education; to the postal telegraph; to the relief of distressed Americans in foreign countries; the Vienna International Exposition; the International Statistical Congress; for the establishment of a government commission to consider the whole question of a more certain and economic transportation of commerce by our inland water routes; for the planting and protection of forests in connection with the sale of the public lands, and for the repeal of the franking privilege, will also be likely to commend themselves to the approval of the people at large, without respect to locality or party.

The President reiterates his recommendation of last year as to the desirability of giving a fixed value to our currency, approaching par with specie, in order to abolish the pernicious financial and moral effects consequent upon constant fluctuations in the price of gold. Presently, however, as we think, he suggests that no further legislation with regard to taxation should be had for the present.

The recommendation of the last Message for an appropriation for the support of a number of discreetly chosen American youth in China, and Japan to serve as a part of the official families of our Ministers to those countries, is renewed. In view of the rapidly increasing importance of our diplomatic and commercial relations with those powers, the suggestion is a timely one, and it is to be hoped may be carried out. The revival of our shipping interests, and the encouragement of American lines of steamers plying between our own ports and the countries named in the Message, will also commend themselves to the support of a large body of our fellow citizens. The successful results of the Indian policy are adverted to, and a cordial reference is made to the proposed Centennial Exhibition of 1876, in which that great enterprise is properly commended.

The comparatively brief but kindly reference of the Message to the South, with the explicitly declared purpose of the Administration to execute the pledges of the enactments for rigorous impartiality, whenever the necessity applying it may be demanded, will be hailed with satisfaction by law-abiding people everywhere; while the President's reiterated intention of enforcing the reformed Civil Service rules, will elicit warm commendation from all who are interested in the elevation and purification of the public service. Taken altogether, the Message will give general satisfaction, and will add to the confidence and respect already felt that the incoming Administration will be likely to a considerable extent to disarm the hostility of those most bitterly opposed to the present, and prove itself worthy of the people, the country and the age.

A DECISION of much more than ordinary public importance has just been rendered by the Supreme Court of the United States, relating as it does to the whole future of the fine arts in this country. Some thirty years ago Congress passed an act authorizing the Commissioner of Patents to grant letters of protection for all new forms of ornamentation, such as new designs for printing, statues, bas reliefs, &c. The law, however, has practically remained a dead letter. At least, no suits under it have ever before been carried to the Supreme Court. Infringement of design patents have therefore become almost universal. Four or five years ago, however, a leading silversmith company, which kept a large corps of artists in its employ for the purpose of devising new forms of decoration, brought suit against a rival manufacturing company to recover damages for infringement of a patent of a new design. The Court below found that there was no infringement, for the reason that there was a substantial difference in ornamentation, judgment being rendered for defendants. On appeal to the Supreme Court, in the opinion of the Judge who delivered it, it was shown, the outline was the same, while the difference in the ornamentation was not sufficiently marked to be noticed by the purchasing public, but only by experts and those skilled in the art of design, it must be considered an infringement, or there would be an end of all protection for patentees or designs, since it was always a simple matter, and would be no consolidate the republic and make it the permanent form of government. And by Frenchmen of unimpeachable honesty and intelligence it is confidently affirmed that a great majority of the French people are now prepared to accept the republic as the form best suited to the condition and wants of the nation. That a decided preponderance of the intelligence and culture of the nation is thus minded there can be no doubt. It is also a very significant fact that this republican sentiment in France is the obvious result of the actual working of the republic, so called, under the administration of THIERS. Successive elections in various departments and localities, and many other indications, have proved that from being largely monarchical the French people are rapidly becoming largely republican. In the Assembly, however, consisting of members elected for a specific purpose, amidst the despondency and gloom which succeeded the German war, the supporters of monarchy, Orleanists, Legitimists and Bonapartists, are greatly in the majority. While by their divisions, paltry animosities, and impracticable and unpatriotic statesmanship they have also helped to republicanize them. Hence the Assembly some time ago ceased to represent the nation. GAMBETTA therefore demands that it shall dissolve itself and give place to deputies who can represent the nation. But conservative republicans and monarchists concur in the resolution to retain their places. The former are influenced chiefly by fear of radical ascendancy, and the consequent necessity of a union with the royalists under a king or an emperor to save property and society; and the monarchists, protesting and perhaps believing that they still represent their constituents, are determined not to resign the advantages which they possess.

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The comparatively brief but kindly reference of the Message to the South, with the explicitly declared purpose of the Administration to execute the pledges of the enactments for rigorous impartiality, whenever the necessity applying it may be demanded, will be hailed with satisfaction by law-abiding people everywhere; while the President's reiterated intention of enforcing the reformed Civil Service rules, will elicit warm commendation from all who are interested in the elevation and purification of the public service. Taken altogether, the Message will give general satisfaction, and will add to the confidence and respect already felt that the incoming Administration will be likely to a considerable extent to disarm the hostility of those most bitterly opposed to the present, and prove itself worthy of the people, the country and the age.

A DECISION of much more than ordinary public importance has just been rendered by the Supreme Court of the United States, relating as it does to the whole future of the fine arts in this country. Some thirty years ago Congress passed an act authorizing the Commissioner of Patents to grant letters of protection for all new forms of ornamentation, such as new designs for printing, statues, bas reliefs, &c. The law, however, has practically remained a dead letter. At least, no suits under it have ever before been carried to the Supreme Court. Infringement of design patents have therefore become almost universal. Four or five years ago, however, a leading silversmith company, which kept a large corps of artists in its employ for the purpose of devising new forms of decoration, brought suit against a rival manufacturing company to recover damages for infringement of a patent of a new design. The Court below found that there was no infringement, for the reason that there was a substantial difference in ornamentation, judgment being rendered for defendants. On appeal to the Supreme Court, in the opinion of the Judge who delivered it, it was shown, the outline was the same, while the difference in the ornamentation was not sufficiently marked to be noticed by the purchasing public, but only by experts and those skilled in the art of design, it must be considered an infringement, or there would be an end of all protection for patentees or designs, since it was always a simple matter, and would be no consolidate the republic and make it the permanent form of government. And by Frenchmen of unimpeachable honesty and intelligence it is confidently affirmed that a great majority of the French people are now prepared to accept the republic as the form best suited to the condition and wants of the nation. That a decided preponderance of the intelligence and culture of the nation is thus minded there can be no doubt. It is also a very significant fact that this republican sentiment in France is the obvious result of the actual working of the republic, so called, under the administration of THIERS. Successive elections in various departments and localities, and many other indications, have proved that from being largely monarchical the French people are rapidly becoming largely republican. In the Assembly, however, consisting of members elected for a specific purpose, amidst the despondency and gloom which succeeded the German war, the supporters of monarchy, Orleanists, Legitimists and Bonapartists, are greatly in the majority. While by their divisions, paltry animosities, and impracticable and unpatriotic statesmanship they have also helped to republicanize them. Hence the Assembly some time ago ceased to represent the nation. GAMBETTA therefore demands that it shall dissolve itself and give place to deputies who can represent the nation. But conservative republicans and monarchists concur in the resolution to retain their places. The former are influenced chiefly by fear of radical ascendancy, and the consequent necessity of a union with the royalists under a king or an emperor to save property and society; and the monarchists, protesting and perhaps believing that they still represent their constituents, are determined not to resign the advantages which they possess.

In the actual condition of affairs the conduct of the royalists is so disgracefully unpatriotic and selfish that it would seem sufficient to discredit and disgrace their cause forever. They now see that by supporting THIERS and the republic they have helped to establish the republic and to make the people republicans. Repenting of their patriotic condescension in the past, they refuse any longer to encourage a form of government which they dislike, and manifest a purpose to gratify their political partialities, whatever may be the disastrous consequences of their ignoble obstinacy. They present a singular spectacle—that of a factious majority in an Assembly of which the minority is believed to represent the nation in supporting the President.

What the results of the crisis are to be it is impossible to conjecture. THIERS will no doubt do all in his power to effect a reconciliation, and will not resign his place while there is any hope of adjustment. Failing to effect a settlement he may not even then resign but may make a final appeal to the patriotism of the Assembly and the country and thus acquire the moral force necessary to sustain him. Should this resource fail, there would seem to be nothing left to look for but an armed conflict of parties. The majority of the Assembly would legally have a right to command the army and the army might or might not obey. General CHANGARNIER who is said to be put forward by a coalition of the royalists of all parties, and who is believed to have ambitious aspirations, is known to be one of the most unpopular officers in the army. And in case of a final rupture of parties in the Assembly the army is not likely to act as a unit under any single commander. Whether it should so act or not, civil war would appear to be inevitable, the beginning of which would be the signal followed by the immediate reoccupation of the vacated departments by the Germans.

THE PRESIDENT'S ME-SAGE.

The President's Message to Congress, herewith printed, has several features in common with his previous annual communications to that body. Like them, it is, on the one hand almost totally devoid of grace of style or composition, but distinguished on the other by the same direct straightforwardness of utterance, the same clear knowledge of the practical needs of the time, the same hearty desire of promoting the best interests of the country and of advancing the cause of civilization at large, and the same uncommon aptitude of hitting upon the simplest and best methods by which these are to be subserved and forwarded.

The topics embraced in the Message are so numerous, and the condition of our columns is so crowded, that it is impossible to give the document anything like the consideration which its importance demands.

There are many recommendations and references, however, which it would be gratifying to note in detail; among them the business-like suggestions of the President in regard to the appointment of a Joint Commission for the immediate completion of the survey and determination of that portion of the San Juan boundary line upon which the commission that determined the remaining part of the line were unable to agree, and of one to determine the line of our boundary between Alaska and the neighboring possessions of Great Britain. These suggestions, as well as the recommendation that an increase should be made in the surveying force for fixing the line between the United States and British possessions between the Lake of the Woods and the Rocky Mountains, to the end that it may be completed at once, show the President's anxiety that the nation shall settle its affairs as it goes, instead of leaving a legacy of doubt and uncertainty to the future.

The recommendations of the Message with regard to public education; to the postal telegraph; to the relief of distressed Americans in foreign countries; the Vienna International Exposition; the International Statistical Congress; for the establishment of a government commission to consider the whole question of a more certain and economic transportation of commerce by our inland water routes; for the planting and protection of forests in connection with the sale of the public lands, and for the repeal of the franking privilege, will also be likely to commend themselves to the approval of the people at large, without respect to locality or party.

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The scientists are now speculating upon "the great November atmospheric wave," whose existence and annual recurrence, long suspected, is said to have been established by the meteoric observations of the signal service. The existence of a November atmospheric wave was given as long ago as 1703, when, according to Defoe, the air was seen "full of meteors and vaporous fires." The "vaporous fires," at least, seem to have given place, this year at least, to an atmosphere of icicles.

One G. T. Franklin advertises to launch an air ship at Peoria, Illinois, in the spring. It is to be cigar-shaped, thirty feet in diameter and one hundred feet long, and will contain fifty-seven thousand cubic feet of gas, beside what will ride in the cabin. The enthusiast says: "Once afloat, and my machinery in good working order, I shall endeavor to reach some given point on the Atlantic coast, and in the event of failure, I shall only touch the earth long enough to repair the defect and resume my course."

Mount Hood, Oregon, is said to have adopted the reprehensible habit of smoking, and the people of the Northwest are looking for an eruption as its effect.

La Constancia of Havana, asserts that 4,000 soldiers will leave Spain for Cuba about the end of this month, and that the force of the year this number will be increased to 12,000. This is rather disguised sarcasm: "The government believes that this number will suffice to wind up the insurrection."

The venerable Old South Church, in Boston, is not to be pulled down or otherwise desecrated at least without a protest. Strong remonstrances against the disturbance are made by writers in the newspapers, and from them we say: "The church is one of the very few landmarks in the city of Boston. Shall we pull down every relic of our short history, saying 'It is only a sentiment?' We are the only nation in the world who sweep away with such recklessness."

A French inventor has applied a screw propeller to the balloon, and carried fourteen passengers and a total weight of three and three-quarter tons. The balloon answered the helm, and a two-horse power engine was constructed to establish and employ the principle.

The old project of the construction of a ship canal through the State of Michigan, by way of the Kalamazoo river, to connect Lakes Michigan and Erie, and thus open a direct water route from Chicago to the whole length of Lake Michigan, the Straits, Lake Huron, two rivers and Lake St. Clair in transporting grain from Chicago and Milwaukee to Lake Erie ports, is again revived.

If economy is the mother of invention, just fancy what the necessity of that old toper in Cincinnati must be, who has been getting his drinks lately out of the unsuspecting druggists by going into a drug store professedly to purchase a cent's worth of empty whisky barrels. He goes into the cellar with the proprietor and helps clear out the nearly empty barrels, taking a drink if the opportunity offers like them starts off for his wagon, and fails to return.

A method adopted in Portugal for preserving fish consists in removing the viscera and sprinkling sugar over the interior, keeping the fish in a horizontal position, so that the sugar may penetrate as much as possible. A tablespoonful of sugar is sufficient for a five pound fish.

It is estimated that a total of 7,000,000 bales of cotton, valued at $600,000,000 in gold, is now consumed every year by the mills of the world. Of this the various processes of manufacture, this raw material is increased in value six per cent., leaving a given total of $2,000,000,000 over and above the cost of production, to be divided among merchants, shippers, manufacturers and dealers.

More proof and another warning. The late destructive fire at Galva, Illinois, was fed, the *Peoria Review* says, by a row of wooden buildings, most of them very old and filled with tinder boxes, and was finally stopped by a block of brick stores.

Virginia has sent commissioners to England to hunt up and overhaul certain ancient maps in the British Colonies office, a tradition existing that therein the boundaries of the old charter line, giving Virginia five miles more territory to the west than she now possesses.

One of the two upon whom rumor places the honor of a coming marshalship in the British army is he who blew the bagpipes from the quarter-deck during the Indian rebellion. It would seem that such an act, in these days of Christian civilization, should utterly stop further promotion.

While it is incontrovertible that one of the inalienable rights of the child of nature and of freedom to make a fool of himself, it is sad to see the editor of the Memphis *Appeal* abusing this right to the extent of seriously advising Tennessee planters not to rent land or give employment to negroes who voted for Grant.

Indianapolis has a one-armed printer. The papers say he is a good workman. In distributing he uses a job stick filled with type, which he holds before him on the case. In setting type he also places the sticks before him in the same way, and justifies the lines with almost as much celerity as though he had a dozen hands.

PERSONAL.

Tennessee papers say that the Republican Congressman from the third district of Arkansas State is in many respects the most extraordinary member that will take his seat in the Forty-third Congress of the United States. In the first place he is ugly—as ugly as Thad. Stevens, and more than three-quarters of a yard longer. He is dressed in the most outré and quick common sense; and, as to personal courage, Julius Ceaser never had more; and, possibly, Napoleon Bonaparte not quite so much. His name (undoubtedly if this is his real name) that thinking up so squarely and determinedly to Jefferson Davis in 1861 as he was on his way from the United States Senate to the Presidential chair of the Southern Confederacy, Orchiebel, listening to Davis's speech in Chattanoga, could stand his vile traducings of our national government no longer, denounced him as a liar and a thief. "If he was the War Horse of Mississippi," Davis moving to resent the insult, and the fight drew from the crowd repeated, and but for quick and persistent interposition of bystanders, Davis would have been slain. In many respects Crutchfield will be a remarkable man in the House. He is as plain as an old shoe. Although a man of large means, he poses as a laboring mechanic or farmer. He is warm and liberal-hearted, full of good humor, and in central Virginia or the south group; and what is specially fortunate for his constituents, he means business. He is thoroughly identified with the great industrial interests of the people.

General W. S. Harney, in the earlier history of the war quite a prominent figure among the military leaders of the time, has for years completely faded out of public sight. It seems that the General is enjoying a green old age at his city residence in St. Louis, and that a place which he has been improving some miles from that city, on the Atlantic and Pacific Railroad. The name of General Harney will long be remembered, chiefly only in the West, but all over the country, for the services which, as a soldier, he has rendered the government.

Gilbert Munger writes, November seventh, that he is with Bierstadt in the Sierra Nevada, and says: "We work from sunrise to sunset, muffled up to our elbows in furs. Bierstadt is delighted with it, and we are camping in the snow, sketching snow storms and snow effects."

The "Burly Beg," who is reported to be in command of the Egyptian expeditionary force, is Col. Purdy, son of ex-Lieut.-Governor Purdy, of California, one of the American officers now in the Khedive's service.

The physician of Rev. George MacDonald, the English novelist, states in a card that the latter will probably not be able to resume his lecturing tour for two or three weeks.

There is a story being extensively circulated to the effect that owing to family troubles August Belmont, the well-known banker and late Chairman of the National Democratic Committee, is going to pull up stakes in this country and go abroad to regain permanently his health.

Notwithstanding, all newspaper reports to the contrary, Vice President Colfax, when his term expires, will neither be a railroad superintendent nor a newspaper editor. He has already large stockholder in some manufacturing interests at South Bend, Indiana, and he signifies his intention, on his return to private life, to devote his time to the many business and business qualifications entirely to his home interests. And this is the face of an offer which he has lately received, of $25,000 a year and $100,000 dollars, to take charge of a commercial interest in one of the largest cities.

The danger of young American ladies allying themselves to bogus counts when they become infatuated with *dishingue* foreigners, has been augmented by the other dire consequences which a foreign alliance may entail upon them, as the case of Papus, New York has now the case of a French son-in-law which will be regarded in the light of a warning. This enterprising French gentleman had a judgment from a court of France compelling his American father-in-law to pay an annual sum of $2,600, $1,200 of it to go to the son-in-law, and $2,400 to be used for the support of the defendant's grandchildren. The old gentleman did not like the spirit of French justice and escaped to America. But the vigilance of an impecunious son-in-law seems to rival that of an ambitious mother-in-law. The Frenchman, through his attorney, has applied to a New York court for a decree enforcing the observance of the French verdict. It is not probable that the French verdict will be recognized.

REPORT

OF

The Postmaster General.

POSTOFFICE DEPARTMENT,
WASHINGTON, D. C., November 15, 1872.

SIR: The ordinary revenues of this department for the fiscal year ended June 30, 1872, including receipts for money order business, were $21,915,428 37, and the expenditures of all kinds $20,549,129 21. For the year ended June 30, 1871, the ordinary revenues were $20,027,000, and the expenditures $24,200,104 08. The increase of revenue for the year 1872 over the year 1871 was $1,888,380 95, or 9 29 per cent, and the increase of expenditures $2,308,000, or 9 29 per cent., showing a net increase of expenditures of $419,707 28. The increase in revenue for the year 1872 over 1870 was $3,066,048 72, or 16 08 per cent., and the increase of expenditures for 1872 over 1870 was $2,949,354 68, or 14 17 per cent. The increase in revenue for 1872, compared with 1871, was greater than the increase for 1871, compared with 1870, by $1,226. The increase of expenditures for 1872, compared with 1871, was greater than the increase for 1871, compared with 1870, by $1,226, or $211 78.

If, in addition to the ordinary revenues, the Department be credited with $7,000, appropriated for the transportation of free mail matter, and the amounts drawn and expended for subsidies to steamship lines, it will appear that the deficiency provided out of the general Treasury for the year 1872 is $3,317,756 94, against $2,926,516 66 for the year 1871.

The accompanying report of the Auditor fully sets forth the details of the financial operations of the Department.

The estimated expenditures for the year end-
ing June 30, 1874, are $30,893,167
The revenues, as limited at 10 per
cent. over last year, ... $27,619,231
Estimated revenue from money-or-
der business, ... 160,000
Estimated increase in revenue con-
sequent on the introduction of
postal cards ..... 833,334 — 34,582,565
Leaving a deficiency of $6,310,602

The foregoing estimates do not include the following special appropriations for the year ending June 30, 1874:

For mail steamship service between San Francisco and Japan and China $500,000 00
For special subsidy for like service, under section 2, act of March 3, 1865, from July 1, 1873, to June 30, 1874 ..... 375,000 00
For like service between San Francisco and the Sandwich Islands 150,000 00
..... 75,000 00
Total $1,100,000 00

Of the deficiency appropriated for the year ending June 30, 1873, there was unexpended at the close of the year 1872, for payments on account of that year $68,384 00
Of the amount appropriated for the service of the year ending June 30, 1873, there was unexpended at the close of that year, and is the amount appropriated for the year 1873 ..... 2,083,750 00
..... 3,568,750 00

Leaving amount of deficiency appropriations undrawn $7,129,665 00
There was also carried to the "surplus fund" of the general Treasury, of the deficiency appropriations for 1871, the sum of 2,621,636 00
Leaving in the general Treasury, undrawn, the sum of $4,504,029 00
There was held in the hands of the Assistant Treasurers of the United States a balance of 250,364 66
Making the total amount available for payment of indebtedness to June 30, 1872 ..... $4,754,013 66
Against which there was at that date actually outstanding unliquidated accounts, estimated as follows:
For balances to foreign countries $197,400 00
For balances under appropriations not recognized, but not yet reported 411 635 15
Mail service still unaccounted 185,706 99
..... 794,740 15

Leaving, after settlement of all liabilities to June 30, 1872, a net balance of deficiency appropriations of $3,960,273 91

The number of adhesive postage stamps issued during the year was 641,810,400, representing $15,840,649 00
Stamped envelopes, plain, 96,376,000, representing 1,960,196 80
Stamped envelopes, reissued, 46,925,004 representing 1,391,680 00
Newspaper wrappers, 8,934,250, representing 178,125 00

The whole number of stamps, stamped envelopes and newspaper wrappers was 893,289,654, and the aggregate value of the same was 19,070,629 00

The increase in the issue of stamps, stamped envelopes and newspaper wrappers is exhibited by the following table:

Description.	Fiscal year ending June 30, 1872.	Fiscal year ending June 30, 1871.
Adhesive postage stamps ...	$15,840,649 00	$14,580,715 00
Stamped envelopes, plain ...	1,960,196 80	1,404,181 90
Stamped envelopes, reissued ...	1,391,680 00	1,404,181 90
Newspaper wrappers ...	178,125 00	164,000 00
Aggregate ...	$19,370,629 00	$17,879,551 35
Increase ...		Increase per cent.
Adhesive postage stamps ...	$1,259,934 00	8 64
Stamped envelopes, plain ...	230,731 75	14 10
Stamped envelopes, reissued ...	1,391,680 00	42 99
Newspaper wrappers ...	13,979 50	12 90
Aggregate ...	$1,491,078 75	8 34

The number of packages of postage stamps lost in the mails during the year was 14, valued at $3,749 31. Small envelopes none, being much less than losses from similar delinquencies in all previous years.

CONTRACTS.

There were in the service of the Department on the 30th of June, 1872, contractors carrying the mails on 289,735 routes.

There were, at the close of the year 2,325 "special" offices, each with a mail carrier whose pay from the Department is paid altogether by the salary of the postmaster.

Of public mail routes in operation there were 7,395, against 6,943 in 1871, 6,504 in 1870, and 6,029 in 1869; 11,944,352 miles, and in annual cost $3,672,264. Adding to these 2,325 "special" offices, with 2,325 miles, 286 horse in mail routes, 1,000 messengers, 1,000 steamboats, and 1,000 railroad routes, 1,000 miles, and the total annual cost to $2,500,964, the aggregate annual cost was $14,779,398.

RAILROAD MAIL SERVICE.

Railroad routes on Length, 56,261 miles; annual transportation, 4,348,426 miles; annual cost, $2,779,884 about $1 50 cents per mile.

Other routes, on which the mails are required to be conveyed by railroad trains, Length, 18,660 miles; annual transportation, 4,348,426 miles; annual cost, $779,884 about $1

practice. With the army at its present standard, thirty-seven is as low a figure as a constant and absolute necessity for a Medical Corps of the full number established by the act of Congress approved July 28, 1866.

The legislation of Congress at its last session has tended materially to encourage and improve the condition of the rank and file of the army. That law will carry the system of retained pay to those of all ranks, to one can doubt the good effect of such a system.

The appropriation for the manufacture of arms for the current year is ample, and the appropriation to such system of breech-loading arms as may be selected by a board of officers, now in session. Should the selection be of a metallic cartridge, an unexpended balance of the appropriation to remain on hand at the close of the fiscal year, its reappropriation is recommended. The system being once adopted, arms sufficient to supply the army and militia should be at once manufactured, and a large reserve should be accumulated year by year, for the exigencies of war, and, to this end, liberal appropriations will be required.

Reports from the field are all favorable to the use of revolvers using metallic cartridges.

Five thousand sets of new infantry equipments, consisting the knapsack, haversack, canteen, cartridge box, waist-belt, and the bayonet scabbard into one system, have been made during the year, and issued to the troops for experimental trial. A sufficient sum is asked to supply the army with these equipments.

The board on heavy ordnance, authorized by the act of June 6, 1872, have made their report, and measures have been taken to carry out their recommendations. The armaments and plans of guns recommended by them will probably consume the whole of the year 1873.

A moderate sum is estimated for the procurement of coal and smooth-bore guns and iron carriages for the fiscal year. Nearly 300 of such guns, besides 300 mortars, are still needed for our forts.

Such of the arsenals east of the Mississippi river as can be spared should be sold, and the proceeds applied to the establishment of a large arsenal, for construction and repair, on the Atlantic coast, and the erection of suitable depots for the storage of the powder and other supplies of the Ordnance Department.

Suspension of the sale of certain arsenals has been recommended until the report of Congress authorizing the sale may be so amended as to enable the Department to save the property from sacrifice in case the conditions of the act, prohibiting the sale of Apalachicola arsenal, but that property is not needed by the government. Congress to the State of Florida. The provision directing its sale should be repealed.

Some plan for settling the long disputed claims for royalty on the arms that have been altered at Springfield armory should be adopted. The attention of Congress is called to such legislative enactments as tend to deprive the government of the inventive ingenuity of its officers, and to discourage inventors from presenting royalty or participating in profits derived from improvements made by them while in the United States service.

The Chief of Ordnance calls attention to the recommendation of the Board of Engineers for Fortifications and appropriations in that corps. Congress, by an act approved by his said report, appropriated for engineers from the operation of the act approved March 2, 1849, and in my judgment it is now advisable that all the said engineers, as provided in accordance with the law of March 3, 1869, should have the same privilege extended to them.

During the past year the Corps of Engineers has been engaged upon the works for the defense of New York harbor, upon the improvement of rivers and the surveys for them, and for the protection of the navigable waters of the country from obstruction or deterioration, whether from bridging or other cause; upon the geodetic and hydrographic survey of the lakes, upon shores and harbors of the coast, upon military surveys and reconnaissances in the interior; upon geographical and geological explorations in public buildings and grounds in the District of Columbia; upon the construction of lighthouses, and upon the improvement of harbors and rivers on the line between the United States and Great Britain.

The work upon our coast defenses has continued to be prosecuted with vigor, and already a large number of positions for guns and mortars of the largest calibre, including sea-coast mortar pits, have been provided, while others are in an advanced condition. The improvements and repairs should be continued, as they are the basis of our harbor protections, and are essential for the efficacy of the accessory defenses, especially submarine and channel obstructions, which form a part of our own system of defense.

The Battalion of Engineers, in its reduced organization, numbers 316 men, but retains its marked efficiency in drill and discipline, and furnishes the instruction to the cadets at the Military Academy in practical military engineering, while at West Point it forms the school for the torpedo defense of our harbors, and the guards and workmen in the discharging duties, care and preservation of the bridge trains, and engineer equipments of the army. The appropriations asked for this object are therefore recommended to Congress, while the repeated recommendation of the Chief of Engineers, for the re-enlistment of the men discharged at the end of the war of 1866, taking from engineer soldiers the per diem granted to other troops, is approved.

The torpedo experiments, made under the immediate supervision of Major H. L. Abbot, commanding engineer battalion, have progressed so far to satisfactory conclusion as to enable us to devise a plan of torpedo defense in connection with the fortifications, simple in its working, certain in its application and effective in its results, while at the same time our own ships of war will not be endangered. An estimate for providing means to apply the system to a few of the principal harbors is submitted in the annual estimate for the Engineer Department.

The river and harbor works, and the many surveys annually directed to be made in extending the system of improvement, have been carried on with skill, energy and economy. The increased security and facility to navigation which these works of improvement have afforded, though many of them are only partially completed, have saved to commerce many times the amount of the sum expended on the works; and the increase of commerce, with greater depth of channels, greater security in their navigation, and the saving of time in their use, adds millions annually to the wealth of the country, and increases the resources of the government. For further information respecting these improvements and surveys, references may be made to the report of the Chief of Engineers, which contains a detailed account of the steps taken to carry out the provisions of the river and harbor bills, and the progress and condition of these works, as well as of the public buildings and grounds in Washington, and of the Washington Aqueduct, which have been placed under the charge of the Engineer Department.

The river and harbor bill, approved June 10, 1872, appropriated the sum of $145,000 for payment to the Green Bay and Mississippi Canal Company for so much of its property and rights of property in and to the line of water communication between the Wisconsin river and the mouth of the Fox river, as were reported by the secretary of the Interior, House of Representatives on the 5th of March, 1872, to be needful. In conformity with the requirements of the act referred to, the Green Bay and Mississippi Canal Company transferred the property to the United States, and the sum of $145,000 was paid to the company on the 24th of September last.

The construction of the bridge across the Mississippi river at Rock Island has been completed, and the bridge will be immediately opened for railroad and wagon-road use.

In conformity to the requirements of the two acts relating to bridging the Mississippi river, the one approved April 1, 1872, the other approved June 4, 1872, the proper site for the bridge at La Crosse and vicinity has been determined.

The river and harbor bill approved June 10, 1872, directed the Secretary of War to cause a survey to be made at its next session, or sooner, if practicable, the condition of the canal at the Falls of the Ohio river and the repairs necessary to relieve the canal from the encumbrance, with a view to such legislation as will render the same free to commerce at the earliest practical period. This report will be completed in time to be submitted to Congress at its meeting in December.

The survey of the lakes has been conducted in a very satisfactory manner. Of the 11 vessels authorized having been completed, and that of Lake Michigan has been extended so far as to require probably but one more working season to complete it. The operations in other portions of the survey, comprising Lakes Erie, Ontario and Champlain, and the Saint Lawrence river, have been equally successful, as have been the meteorological and lake surface observations, which extend over the whole lake region.

The geological exploration between the Sierra Nevada and the eastern slope of the Rocky Mountains will probably be completed during the present season for field operations. The results of this work are of the very highest value in the departments of geology, topography, and mining engineering. The exploration in Nevada, Utah, and Arizona was continued until November of last year, when a preliminary report of the results, affording valuable information for mining as well as for military operations and to immigrants, was submitted to Congress and published. The field-work, which, in addition to the usual subjects of observation, comprises a careful determination of an astronomical base, was resumed the summer as soon as the appropriation was available.

In addition to these special works of exploration the officers of engineers serving on the staff of the generals commanding divisions and departments have made important reconnaissances, such as that of the Upper Yellowstone river and that of the Uinta Mountains, and have made many contributions to the topography of the Territories of the United States.

In compliance with the act approved March 19, 1872, authorizing the the survey and marking of the boundary between the territory of the United States and the possessions of Great Britain from the Lake of the Woods to the summit of the Rocky Mountains, four officers of engineers were detailed for that duty, and proceed to report to the Secretary of State for duty. The survey is now in progress.

The duties of the Signal Office in observations and reports for the benefit of commerce and agriculture have been continued throughout the year with increasing success. Stations have been maintained at each of the principal lake, sea-port and river cities. The display of hurricane signals was continued at the river stations, giving the rise and fall of the principal rivers, as heretofore published, and the daily changing symbols, the meteoric changes at the different reports; and finally, at designated stations, the exhibition of day or night signals, on occasions of supposed especial danger, has been regularly made. Since the date of the last annual report four additional stations have been established in the United states.

A comparison of the tri-daily forecasts, or "probabilities" as they have been styled, with meteoric conditions afterward reported, and, so far as known, has given an average of 69 per cent. as verified up to November 1, 1873. Since that date to the present time, (October 1, 1872,) the average of verifications has been 76 8-10 per cent.

The difficulty of telegraphic communication with the stations was greatest, and was most seriously felt during the months of July and August, when it not unfrequently happened that the most important and wide-spread of the press "probabilities," i. e., those given at midnight and at midnight reports, were made in the absence of any telegraphic information at that hour due from the observers west or south of the Alleghanies. It is on this section of which the office is most dependent for the facility and promptness with which it exchanges information in the Eastern, Middle and Southern states, and upon the lakes.

The practical results of this branch of the service, with all its errors and imperfections, can be summed up, it is believed, in the statement that since the inauguration of its duties no great and continuous storm has traversed the territory of the United States, or raged along the length of its lakes, its gulf or sea-coast shores, as in their course such storms have sometimes done, without the warning general premonition given at the great majority of the points endangered to any who cared to seek or heed them.

Since the date of the last annual report, arrangements were made with the chief of the Dominion Meteorological Bureau of Canada for an exchange of reports with his office that were at that time about to extend in the Dominion. Arrangements of a similar description are contemplated for the exchange of observations by telegraph with various points in the West India Islands. These arrangements will be carried into effect, if possible, before the opening of the stormy spring season.

Since January 1, 1872, statements of the changes in the depths of water in the principal western rivers, being in direct relation to the meteoric changes, have been regularly published at stations established upon those rivers. These reports are carefully prepared, and have been received with a marked degree of interest. It is believed that as the number of stations increases and communication with the proper authorities is established, the value of the great problem of the protection of the river commerce from ice and freshets, and of the lower river levees from breakage and overflow, with the consequent disasters, will be solved.

Under the act approved June 10, 1872, the service before technically limited to the lakes and seacoasts was extended throughout the interior, and many of the agriculturists of the country have been requested to appoint a permanent correspondent to confer with the Signal Office, and to take in connection with him such steps, or to recommend such action, as might be deemed desirable to accomplish the objects of that act. A report to the committees above referred to thirty-eight (38) boards of trade and chambers of commerce, and other standing meteorological committees, which are in direct communication with the Chief Signal Officer.

A personal visit to West Point and inspection of the operations of the academy in June last, and the report of the Board of Visitors, that the examinations were very thorough, disclosed a satisfactory state of proficiency in discipline and instruction. Since my last annual report there has been no breach of discipline or impropriety on the part of cadets calling for the exercise of higher authority than the academic superintendent and Academic Staff.

The number of failures to master the academic course, including original rejections, were 87, the number of admissions 95; the total number of cadets now at the Academy is 360. There are 53 vacancies, caused by failures upon preliminary examinations, discharge of cadets for deficiency, and the failure of Congressional Representatives to select substitutes for cadets for the past September examination. The standard of proficiency in the corps of cadets has much improved, but great obstruction to the usefulness which the Academy might otherwise attain in filling scientific and highly educated young men for the public service is experienced because of the large amount of time necessarily expended in giving new cadets a thorough knowledge of the more elementary branches of learning, which they should have acquired before entering the Academy. Under the present system a large percentage of the candidates who seek admission to the Academy fail in their preliminary examination, or are found incapable of mastering the academic course during the first year. Many of those who go to West Point with the prestige of high scholarship, obtained elsewhere, fail, under examination, in the very rudiments of an education. That such result cannot be charged to a too severe examination is shown by the fact that the qualifications demanded of candidates are less than those established by perhaps a larger majority of the higher scholastic institutions of the country; and the examinations are not conducted more rigidly than is absolutely necessary. A considerable modification of the existing mode of selection of cadets seems to be demanded, as the only effectual remedy for this evil; and in this connection attention is invited to the report of the Superintendent of the Academy, which furnishes some interesting data on the subject.

The department of Public Property is very destitute of necessary apparatus for instruction, but it is hoped Congress will supply this necessary want when considering appropriations.

The staff of the officers of the acad-mic regulations is now under consideration, and many changes which experience has shown to be advisable will be made.

Legislation by Congress is also needed in aid of the Military Academy band, which is now the only one provided for by law, and the pay of which experience has shown to be wholly insufficient. Attention is invited to the recommendation of the Superintendent for the increase of its numbers and pay.

It is a matter of great satisfaction that an appropriation liberal in amount has been made by Congress for the erection of a fire proof building, a portion of which is for the use of the War Department. The necessity for a safe depository for the valuable records now scattered in insecure localities, renders the speedy erection of this building a matter of great interest to the country.

WM. W. BELKNAP,
Secretary of War.

REPORT

OF THE

Comptroller of the Currency.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
WASHINGTON, November 20, 1872.

SIR: I have the honor to submit for the consideration of Congress the following report:

The duty devolved upon the Comptroller that it shall be the duty of the Comptroll r of the Currency to report annually to Congress a summary of the state and condition of all the national banks, exhibiting their resources and liabilities, as returned in different reports to existing at previous dates, with such facts and suggest amendments to the act by which the system may be improved, and present such other information with reference to the affairs of the national banks as may, in his judgment be useful. The act also provides that the circulation shall be apportioned to associations in the States and Territories upon the basis of population, resources, business and bank capital, and that the circulation of banks in circulation not issued shall be made as soon as practicable to bear the same proportion to the whole amount authorized by law.

The following table will exhibit the amount of circulation outstanding and authorized to be issued to each State, and the amount to which each State is entitled upon the basis of population and wealth.

States and Territories.	Circulation outstanding Nov. 1, 1872.	Circulation authorized.	Circulation to which each State is entitled.
Maine	$2,987,818	$4,053,500	$4,931,647
New Hampshire	1,941,130	1,448,500	2,417,958
Vermont	1,944,700	1,448,500	2,417,958
Massachusetts	6,640,360	13,540,300	14,126,185
Rhode Island	767,000	3,540,300	3,626,185
Connecticut	2,467,182	4,064,190	5,000,000
New York	20,000,000	29,000,000	29,000,000
New Jersey	4,158,282	6,540,340	6,604,467
Pennsylvania	14,000,000	20,000,000	20,000,000
Delaware	326,000	900,000	1,436,276
Maryland	1,000,000	4,000,000	4,000,000
District of Columbia	1,000,000	1,000,000	1,000,000
Virginia	5,479,940	5,479,940	5,577,892
West Virginia	1,000,000	1,000,000	1,000,000
North Carolina	3,000,000	3,000,000	3,000,000
South Carolina	2,000,000	2,000,000	2,000,000
Georgia	3,000,000	3,000,000	3,000,000
Florida	1,000,000	1,000,000	1,000,000
Alabama	3,000,000	3,000,000	3,000,000
Mississippi	2,000,000	2,000,000	2,000,000
Louisiana	3,000,000	3,000,000	3,000,000
Texas	3,000,000	3,000,000	3,000,000
Arkansas	2,000,000	2,000,000	2,000,000
Kentucky	5,000,000	5,000,000	5,000,000
Tennessee	3,000,000	3,000,000	3,000,000
Missouri	5,000,000	5,000,000	5,000,000
Ohio	20,000,000	20,000,000	20,000,000
Indiana	5,000,000	5,000,000	5,000,000
Illinois	5,000,000	5,000,000	5,000,000
Michigan	5,000,000	5,000,000	5,000,000
Wisconsin	2,000,000	2,000,000	2,000,000
Iowa	2,000,000	2,000,000	2,000,000
Minnesota	1,000,000	1,000,000	1,000,000
Kansas	1,000,000	1,000,000	1,000,000
Nebraska	200,000	200,000	200,000
Nevada	200,000	200,000	200,000
Oregon	200,000	200,000	200,000
Colorado	200,000	200,000	200,000
Utah	200,000	200,000	200,000
Wyoming	200,000	200,000	200,000
New Mexico	200,000	200,000	200,000
Arizona	200,000	200,000	200,000
Dakota	200,000	200,000	200,000
Washington	200,000	200,000	200,000
Idaho	200,000	200,000	200,000
Montana	200,000	200,000	200,000
Alaska	200,000	200,000	200,000
Total	$300,000,000	$400,000,000	$400,000,000

The final distribution of the fifty-four millions will still leave a deficiency of forty millions in different States of the Union, which will be entitled to it before the proportion among the several States will be equalized upon the basis of wealth and population. This deficiency arises from the fact that while their resources and liabilities, as returned in different reports existing at previous dates, with such facts and suggest amendments to the act by which the system may be improved, and present such other information with reference to the affairs of the national banks as may, in his judgment be useful. The act also provides that the circulation shall be apportioned to associations in the States and Territories upon the basis of population, resources, business and bank capital, and that the circulation of banks in circulation not issued shall be made as soon as practicable to bear the same proportion to the whole amount authorized by law.

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Mississippi	2,000,000	2,000,000	2,000,000
Louisiana	3,000,000	3,000,000	3,000,000
Texas	3,000,000	3,000,000	3,000,000
Arkansas	2,000,000	2,000,000	2,000,000
Kentucky	5,000,000	5,000,000	5,000,000
Tennessee	3,000,000	3,000,000	3,000,000
Missouri	5,000,000	5,000,000	5,000,000
Ohio	20,000,000	20,000,000	20,000,000
Indiana	5,000,000	5,000,000	5,000,000
Illinois	5,000,000	5,000,000	5,000,000
Michigan	5,000,000	5,000,000	5,000,000
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Dakota	200,000	200,000	200,000
Washington	200,000	200,000	200,000
Idaho	200,000	200,000	200,000
Montana	200,000	200,000	200,000
Alaska	200,000	200,000	200,000
Total	$300,000,000	$400,000,000	$400,000,000

The Comptroller, in his report for the year 1867, made careful statements of the taxes on national banks for a series of years, which, with the profits of the banks, during that year, paid over sixteen millions of United States and State taxes, as follows:

To the United States for internal revenue $8,999,938
To the States for taxes 7,049,491
Total $16,049,429

The amount of taxes paid to the United States was derived from specific returns of about fourteen hundred banks, the minimum rate in each State being charged, for those banks which made no returns. A similar statement for the year ending November 21, 1871, exhibits the following results:

Amount of taxes paid to the United States $9,230,707 01
Amount of taxes paid to the State authorities $8,813,196 92

Aggregate taxes paid $18,038,734 23

Or 4½ per cent. upon a capital of $422,000,000.

The aggregate State tax was believed to be considerably below that authorized by law. Assuming the amount of State taxes paid to the United States government (which is a moderate estimate), we have the following total taxes paid by the national banks on the basis four years:

1869 ..... $16,049,429 00
1870 ..... 17,000,000 00
1871 ..... 19,150,468 30
1872 ..... 18,038,734 23

The act of March 3, 1869, required specific returns to be made by the banks and bankers, assessing the national banks after the declaration of each dividend. From these returns the following table has been prepared, exhibiting the aggregate capital and dividends of the national banks, as also the number of banks reporting dividends:

Period of six months ending.	Number of banks.	Capital.	Average surplus.	Total dividends.	Per cent. of dividends.	Per cent. of surplus.	Per cent. of capital.
August 31, 1866							
February 28, 1870					5.16	4.27	5.73
August 31, 1870					4.96	4.03	5.49
February 28, 1871					5.18	4.34	5.53
August 31, 1871	1,643	427,813,21			4.97	4.16	5.39
February 29, 1872		27,562,30	5.07				
August 31, 1872		30,302,25	5.12		4.17	5.39	

Complete statistics, in detail, of the capital, earnings, and dividends of banks for the year 1872 are found on pages 58 4% of the appendix.

The national banks are required to furnish to this office not less than five statements during each year of their assets and liabilities, and also to make special reports to the Treasurer, on demand, of their circulation, deposits, and the average amount of capital not invested in United States bonds. The reserve of the United States, in the city of Washington, is 25 per cent. in the national banks of Philadelphia, Baltimore, Wilmington and Richmond, 25 per cent. in the banks of Louisville, in Alexandria, and in the capital of Virginia. Many of the banks of the Southern States do not have become a rule with all the cautiously managed banks of the country, and should be regarded as high and safe condition. Carefully prepared tables giving further information in relation to such operations of the National banks will be found in the appendix to this report.

THE CHICAGO FIRE.

The great fire in Chicago, of October 8 to 11, 1871, should be mentioned among the noteworthy events of the year. The national banks, prior to May 1, 1872, made to the Commissioner of Internal Revenue a license or special tax of $5 on each $1,000 of capital in addition to the tax on the earnings to become (p. 1871. The special or license tax from May 1, 1864, to May 1, 1871, amounted to $6,573,300; that which came tax from March 1, 1869, to September 1, 1871, amounted to $5,839,287 50. The following table will exhibit the amount of taxes from these sources during the years 1870-71:

Duty on circulation, deposits and capital.		License tax on capital.	
Year ended	Amount.	Year ending	Amount.
Dec. 31, 1870	$ 6,071,860 24	April 30, 1870	$ 886,238 5
Dec. 31, 1871	6,200,812 21	April 30, 1871	844,056 6
Totals	$12,850,272 45		$1,730,294 9

Taxation of earnings.		Total taxation	
Year ending	Amount.	Year ending	Amount.
August 31, 1870	$2,896,078 37	August 31, 1870	$ 3,575,774 46
August 31, 1871	1,271,135 51	August 31, 1871	8,790,587 97
Totals	$4,067,140 58		$12,340,862 46

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[CONTINUED FROM FIRST PAGE.]

The following tabular statement shows the distribution of distilleries in the various States and Territories:

Statement showing the number of distilleries registered and operated during the fiscal year ending June 30, 1872:

States and Territories	Grain. Number registered	Grain. Number operated	Molass. Number registered	Molass. Number operated	Fruit. Number registered	Fruit. Number operated	Total. Number registered	Total. Number operated
Alabama			3	2			3	2
Arkansas			1	1			1	1
California			1	1	90	84	91	85
Connecticut					1	1	1	1
Delaware	3	3			3	3	6	6
Georgia	1	1	1	1	4	4	6	6
Idaho					1	1	1	1
Illinois	58	58			13	12	71	70
Indiana	94	94			27	27	121	121
Iowa	18	18			1	1	19	19
Kansas	3	3					3	3
Kentucky	128	128			114	111	242	239
Louisiana			1	1			1	1
Maine	1	1					1	1
Maryland	20	20			20	20	40	40
Massachusetts	1	1			1	1	2	2
Michigan	3	3			1	1	4	4
Minnesota	1	1					1	1
Mississippi					43	43	43	43
Missouri	68	68	1	1	22	22	91	91
Montana								
Nebraska	1	1					1	1
Nevada								
New Hampshire								
New Jersey					121	114	121	114
New Mexico					1	1	1	1
New York	18	18			76	74	94	92
North Carolina	1	1			215	189	216	190
Ohio	4	4			74	73	78	77
Oregon					6	6	6	6
Pennsylvania	73	69			97	96	170	165
Rhode Island					1	1	1	1
South Carolina								
Tennessee	1	1			343	224	372	346
Texas					1	1	1	1
Utah								
Vermont					1	1	1	1
Virginia	1	1			376	336	386	342
Washington								
West Virginia					78	73	78	73
Wisconsin	11	10					11	10
Total	600	445	11	11	3138	2676	3849	3132

The following statement shows the number of grain and molasses distilleries in operation at the beginning of each month during the last fiscal year:

Months	Grain distilleries. Number of distilleries.	Grain distilleries. Capacity of mash tubs.	Molasses distilleries. Number of distilleries.	Molasses distilleries. Capacity of mash tubs.	Spirits distilled from grain. Gallons.	Spirits distilled from molasses. Gallons.	Spirits distilled from other materials than grain or molasses. Gallons.	Total spirits distilled. Gallons.
July	600	1,176,000	11	1,100	6,941,565	58,500	1,500	7,001,565
August	600	1,176,000	11	1,100	6,941,565	58,500	1,500	7,001,565
September	600	1,176,000	11	1,100	6,941,565	58,500	1,500	7,001,565
October	600	1,176,000	11	1,100	6,941,565	58,500	1,500	7,001,565
November	600	1,176,000	11	1,100	6,941,565	58,500	1,500	7,001,565
December	600	1,176,000	11	1,100	6,941,565	58,500	1,500	7,001,565
January	600	1,176,000	11	1,100	6,941,565	58,500	1,500	7,001,565
February	600	1,176,000	11	1,100	6,941,565	58,500	1,500	7,001,565
March	600	1,176,000	11	1,100	6,941,565	58,500	1,500	7,001,565
April	600	1,176,000	11	1,100	6,941,565	58,500	1,500	7,001,565
May	600	1,176,000	11	1,100	6,941,565	58,500	1,500	7,001,565
June	600	1,176,000	11	1,100	6,941,565	58,500	1,500	7,001,565
Total	600	1,176,000	11	1,100	6,941,565	58,500	1,500	7,001,565

The quantity of spirits in bond July 1, 1871, Taxable gallons. 6,742,118

The quantity entered in bond during the year ended June 30, 1872, was 68,375,745

The quantity withdrawn from bond during the same period was 64,914,471

The quantity remaining in bond June 30, 1872, was 10,103,392

The quantity remaining in bond July 1, 1871, as per present report, less than the quantity stated in the report for 1871, as now reported, by corrected reports of collectors subsequent to the publication of the report for 1871, was 2,212

The total quantity of spirits in the United States not in internal revenue bonded warehouses on the 1st May, 1872, was 39,672,197 proof-gallons.

It would recommend that section 42 of the act of July 20, 1868, as amended by the act of June 6, 1872, be further amended so as to authorize you, in a more explicit manner than is now provided, to require export bonds of persons applying to export distilled spirits for the benefit of drawback. It is desirable that the language on this point should be perfectly clear and unquestionable, inasmuch as the exportation of spirits on which the tax has been paid will be affected thereby as well as that provided for in section 54.

By the act of June 6, 1872, the fees of gaugers and the *per diem* compensation of storekeepers were made payable by the United States, and subject to reimbursement by distillers, except by the increased rate of tax on distilled spirits for consumption, which has been determined partly by taking into account the amount heretofore paid for the services of such officers. But experience has shown that the increase in the amount to be paid will be not only greater (notwithstanding my by most strenuous efforts to the contrary than ever before, but also greater in proportion to the quantity of spirits produced.

It is apparent that the retention of spirits in the warehouse after the distiller has ceased operations, extending the time for payment of the tax to 18 months, is therefore for his benefit only. In view of this, and the fact that the distiller would nevertheless, when a distiller has ceased operations, the pay of the storekeeper for subsequent supervision of distillery warehouse, in consequence of spirits remaining stored, should be required to the United States by the distiller.

FERMENTED LIQUORS.

By the act of June 6, 1872, the act of July 13, 1866, so far as it relates to fermented liquors, was re-enacted with some amendments, made at the solicitation of the principal brewers of the United States, designed to afford internal revenue officers more than heretofore for the conduct of their business under internal revenue laws.

These concessions do not appear to have been of a character to endanger the public interests, as the following statements will show:

The tax received on fermented liquors at $1 per barrel during the first quarter of the fiscal year ended June 30, 1872, was $2,121,000 75

Which is more than one-fifth of the total receipts from the same source during the first three months of the present fiscal year amount to $1,684,241, an increase of $466,949 07.

The average increase of about a million dollars annually during the last three years, as contrasted with the stationary character of the receipts during the four years previous to 1868, is most gratifying, but the increase during the first three months of the present fiscal year, as above stated, far exceeds that of any corresponding period of any other year since the organization of this office.

The tax received on fermented liquors, at $1 per barrel, was, for the years--

1867	$5,819,545 49	1870	$6,981,529 54
1868	5,685,963 70	1871	6,976,747 91
1869	5,866,460 98	1872	8,009,929 72

The number of persons engaged in the manufacture of fermented liquors during the fiscal year ended June 30, 1872, was 3,421, distributed as follows: Alabama, 5; Arizona, 10; Arkansas, 1; California, 226; Colorado, 36; Connecticut, 25; Dakota, 6; Delaware, 2; District of Columbia, 15; Florida, 2; Georgia, 4; Idaho, 10; Illinois, 169; Indiana, 169; Indiana, 169; Iowa, 171; Kansas, 46; Kentucky, 46; Louisiana, 16; Maine, 1; Maryland, 72; Massachusetts, 56; Michigan, 189; Minnesota, 114; Mississippi, 2; Missouri, 244; Montana, 56; Nebraska, 32; Nevada, 41; New Hampshire, 5; New Jersey, 114; New Mexico, 8; New York, 479; North Carolina, 1; Ohio, 268; Oregon, 21; Pennsylvania, 267; Rhode Island, 4; South Carolina, 2; Tennessee, 11; Texas, 44; Utah, 16; Vermont, 4; Virginia, 13; Washington, 14; West Virginia, 11; Wisconsin, 199.

I would recommend that sections 18 and 22 be so amended as to provide for the withdrawal of such "thirds." The act of March 2, 1867, authorized their sale to accommodate brewers west of the Rocky Mountains, who are compelled to send their products from their breweries to the consumer or retailer on the backs of mules; but in such package being specially adapted to such a mode of conveyance, "Thirds" appear to have been omitted in the act of June 6, 1872, through inadvertence, and they should be restored.

The amendments made by the act of June 6, 1872, to section 59 of the act of July 20, 1868, as amended April 10, 1869, relating to the special taxes required for selling spirituous and malt liquors and wines, were, it has appeared to me, intended simply to prevent fraud, in addition to the former classes of liquor dealers, there should be two classes at a lower special tax authorized to sell malt liquors only, leaving to the former classes of liquor dealers the privilege of selling malt liquors which they previously possessed. I also recommend that the exemption from special tax as wholesale dealers extended to brewers who sold fermented liquors of their own production at the brewery in the original packages. Nevertheless that intention is not so clearly expressed by the language of the section as amended as is desirable in so important a provision of law.

To prevent the injustice which might be done by acting upon a mere technical construction of the language used as to the several classes of liquor dealers and malt liquor dealers, I issued on the 20th of September last instructions to assessors and collectors to make assessments and collections in accordance with the above expressed view of the intentions of Congress, and to bring the question to the attention of that body; and I am informed that the collection of the assessments which had been made contrary to that construction.

In view of this, I would respectfully recommend that the language of this section be made more explicit. I would also recommend that retail dealers in malt liquors be limited in their sales to quantities less than five gallons, and that those selling in quantities of five gallons and upwards be required to pay the wholesale dealer's fee.

TOBACCO.

The total receipts from tobacco for the fiscal year ended June 30, 1872, were $33,736,170 52. Compared with the total receipts for the fiscal year ended June 30, 1871, the following results are shown:

Year ended June 30, 1872, tobacco--chewing, &c., and snuff	$18,674,569 26
Year ended June 30, 1871, tobacco--chewing, &c., and snuff	20,607,717 84
Showing a decrease in class 32 cents of	$2,009,148 58
Year ended June 30, 1872, tobacco--smoking, scraps, shorts, &c	$5,896,206 33
Year ended June 30, 1871, tobacco--smoking, scraps, shorts, &c	4,882,821 83
Showing an increase in class 16 cents of	$1,013,384 50
Year ended June 30, 1872, cigars, cheroots, &c	$7,566,156 56
Year ended June 30, 1871, cigars, cheroots, &c	6,598,172 24
Showing an increase on cigars, &c., of	$967,984 62
Year ended June 30, 1872, received from sale of export stamps	$63,576 25
Year ended June 30, 1871, received from sale of export stamps	66,147 60
Decrease from sale of export stamps	$2,570 75
Year ended June 30, 1872, received from dealers in leaf tobacco	$260,487 62
Year ended June 30, 1871, received from dealers in leaf tobacco	221,661 98
Increased collection from dealers in leaf tobacco	$38,825 64
Year ended June 30, 1872, received from dealers in manufactured tobacco	$1,102,357 89
Year ended June 30, 1871, received from dealers in manufactured tobacco	970,027 96
Increased collection from dealers in manufactured tobacco	132,329 93
Year ended June 30, 1872, from special taxes of tobacco and cigar manufacturers	$189,816 39
Year ended June 30, 1871, from special taxes on tobacco and cigar manufacturers	162,367 33
Increased collection from special taxes of tobacco and cigar manufacturers	$30,448 98

Showing an increase in the total receipts from the manufacture and sale of tobacco in all its forms over the receipts from the same sources for the preceding fiscal year, of $197,363 23.

ANNUAL PRODUCTION.

The quantity of manufactured tobacco represented by the collection of taxes from this source for the fiscal year ended June 30, 1872, is as follows:

	Pounds.	Increase.	Decrease.
Of chewing tobacco, snuff, &c., class 32 cents	58,356,029		
Of smoking tobacco, scraps, shorts, &c., class 16 cents	36,851,299		
Exported to foreign countries	9,560,981		
Entered in warehouses June 30, 1872, over June 30, 1871	2,485,555		
Total product for the year	107,260,856		
The number of cigars, cheroots, &c., on which taxes were collected during the last fiscal year, was	1,987,756,974.		

From the above statement it will be seen that the entire product of manufactured tobacco reported for the fiscal year ended June 30, 1872, exceeds the total product of the preceding fiscal year by 1,481,602 pounds, while the aggregate quantity which paid taxation for the last fiscal year was only 17,125,825 pounds in excess of the quantity which reached taxation the preceding year.

UNIFORM RATE OF TAX.

So far as I am able to judge, the law providing for a uniform rate of tax on all manufactured tobacco, chewing or smoking, is operating very successfully. There is now no reason why revenue officers should examine into the modes of manufacturing tobacco employed by any one, or for operating or examining any package to ascertain the character of its contents. If the package is a legal one, and has upon it a proper revenue stamp denoting the payment of the tax, with such additional marks, brands, and labels as the law prescribes, no officer is authorized to examine it further. Owing to the distinctions formerly already referred to which have affected the trade for some months past it is now too early to predict with entire certainty what will be the actual result of the present uniform tax on the amount of revenue to be collected. I have, however, reason to believe that with the additional safeguards provided by the new law against the sale of manufactured tobacco in fraud of the revenue, and with the taxes imposed upon the sale at retail of raw or leaf tobacco for consumption without its being subjected to any process of manufacture, the collections from tobacco under the uniform rate of 20 cents per pound, which is a reduction of more than six cents a pound from the average rate for the last two fiscal years, will reach nearly if not quite the sum realized for either of the same years. In making this estimate I am relying on making collections on from eight to ten millions of pounds more of manufactured tobacco in consequence of the restrictions which the act of June 6, 1872, has placed upon the sale, for consumption, of raw or leaf tobacco.

EXPORT BONDED WAREHOUSES AND MANUFACTURED TOBACCO.

There were remaining in store in the several export bonded warehouses on the last day of July, 1871 5,650,597

Placed in bond during the fiscal year ended June 30, 1872 21,194,662

Making a total of 26,845,259

There were withdrawn for export during the fiscal year ended June 30, 1872 9,065,981

Withdrawn on payment of tax during the fiscal year ended June 30, 1872 9,143,126

Making a total withdrawn during the fiscal year ended June 30, 1872 18,708,107

And leaving a balance in the warehouses July 1, 1872, of 8,136,152

By the act of June 6, 1872, the system of export bonded warehouses authorized by the act of July 20, 1868, was abolished, and the several warehouses established under said act are to be discontinued after the expiration of six months from the passage of the first named act. The largest quantity of tobacco withdrawn for export and consumption for the fiscal years ended June 30, 1871, and June 30, 1872, respectively, exceeded twenty millions of pounds, it was thought at the time of the passage of the law that six months would be sufficient time for the holders of tobacco then in bond, which was considerably less than eight millions of pounds, but increased after the passage of the act to the quantity given above as the balance on the 1st day of July, 1872, to withdraw the same by export or for home use and consumption, upon the payment of the tax. The reports received from month to month from the collectors in charge of bonded warehouses since that time quantity has been constantly diminishing, so that no great hardship will be imposed upon the comparatively small quantity remaining in the warehouses at the expiration of the six months which the law allows for closing them out. This view of the case is especially apparent when the fact is taken into consideration that the owners of this tobacco have already had six months' credit for the taxes due on all of it, and on a considerable portion for a much longer time; and also the further fact, that these tobaccos, after having been stamped, can at any time be exported, and the owners obtain a drawback for the amount of tax which shall be shown to have been paid on them. In Baltimore the bonded warehouses have already been closed out by the action of the warehousemen, and have given possession thereof to the different collectors under whose control the other warehouses are, to take the proper steps to close them all out immediately upon the expiration of the time fixed by law, by advertising for sale by the government all the tobacco which shall then have been withdrawn by the owners.

The act of June 6, 1872, provides two modes for the exportation of manufactured tobacco in foreign countries. First, directly from the manufactory, without the payment of any tax; and secondly, from the store or warehouse of the jobber, dealer, or commission merchant, at the tax that has been paid, with an allowance of drawback on the presentation of proper evidence that the tobacco had been exported and landed in a foreign country or boat at sea. The few months that have intervened since the adoption of the new system have by no means afforded sufficient opportunity to test its practicability. Thus far the two systems have both been in operation at the same time, the tobacco stored in warehouses being exported under the regulations in force at the time when the late act was passed, while direct exportations from the manufactories have been made under the regulations of the two systems operating concurrently have not tended to facilitate. I have been making, however, as yet, which leads me to distrust the practicability and consequences of the privilege now made by the act of June, 6, 1872, for facilitating the exportation of tobacco to foreign countries. Any radical change in the law and regulations governing a business so varied and extensive as the tobacco trade, requires time for persons engaged in it to accustom themselves to the alteration. For this reason such changes should be as few and infrequent as possible, and only made upon urgent necessity. That such a necessity existed for abolishing the old system of bonded warehouses as ports of entry, which allowed tobacco to be stored therein for home consumption as well as for export, and to be withdrawn therefrom at any time upon the payment of the tax, few persons except those who enjoyed the privileges of such warehouses have expressed a doubt. Under the present law the credit system is entirely dispensed with, and the special privileges are given for making a monopoly of the trade in manufactured tobacco. All tobacco is required to have proper stamps affixed, indicating the payment of the tax, before it is removed from the place where it is made, except that which is intended for and actually bonded for export to a foreign country before it leaves the manufactory. This system, it is believed, will greatly relieve the field for evasion, since it provides for direct shipments from any district in the country, the manufacturer filing his bonds and completing his shipping papers in his own office. Provision is also made for shipments to be paid tobacco by any person who desires to export, and for the immediate payment of drawback for the taxes paid; a privilege which was denied under the act of the previous law. Persons having in their possession tax-paid tobacco, to which they can affix stamps and unsalable, even to such a degree as to render it worthless for sale or consumption, can, by exporting the same, always realize therefrom an amount equal to the tax.

NEW DIES FOR CANCELLATION OF STAMPS.

Since the passage of the act of June 6, 1872, which authorizes the Commissioner of Internal Revenue to prescribe such instruments for cancelling stamps for tobacco, etc., as he and the Secretary of the Treasury may approve, a steel die for the cancellation of registered tobacco in the country at the expiration of the year has been prepared. This die is constructed as to drive several portions of every stamp into the wooden package, and lodge them there, so that if the stamp should be used the second time it would be quite impossible to supply the portions thus driven into the wood for re-location on any other package; and without the presence of the portions required to be driven into the wood the fraud would immediately be apparent.

The use of this die is made imperative by regulations, and its operation is very generally satisfactory. With an entire reissue of tobacco stamps, which has been made within the last year, printed on paper which the government has prepared for the special use, and printed with different colored inks, so as to preclude the possibility of counterfeiting by photography, with a more perfect cancellation effected with the new die I am not aware that any further device or additional device or contrivance of a mechanical nature is required to complete the machinery which the government is employing to collect the taxes on tobacco. Some additional device may be required to prevent the re-use of cigar boxes from which the stamps have been removed or destroyed. Should any such device be adopted, a bond which commends itself to the government, there is authority given in the amended law for its adoption.

The present law relating to tobacco, though not claimed to be perfect, undoubtedly contains in the various provisions the practical results obtained from many years experience in internal revenue legislation. Under this law the tobacco business is believed to be safe and prosperous, while equal and ample protection is given to it for the reasons I advise that there be no additional legislation on this subject at present.

Abstract of cases compromised.

The whole number of cases compromised, as provided under section 103, act of July 20, 1868, during the fiscal year ended June 30, 1872, was 479.

Amount of tax accepted	$104,612 86
Assessed additional penalty fixed by law	2,947 99
Specific penalty in lieu of fines, penalties and forfeitures	129,198 62
Total amount received by compromises	236,719 47

Abstracts of reports of district attorneys for the fiscal year 1872.

SUITS COMMENCED.

Number of criminal actions	1,070
Number of civil actions *in personam*	1,542
Number of actions *in rem*	729
Whole number commenced	6,341

SUITS DECIDED IN FAVOR OF THE UNITED STATES.

Number of civil actions	1,299
Number of civil actions *in personam*	1,024
Number of actions *in rem*	636
Total number of suits decided in favor of United States	2,959

SUITS DECIDED AGAINST THE UNITED STATES.

Number of criminal actions	523
Number of civil actions *in personam*	196
Number of actions *in rem*	64
Total number of suits decided against the United States	783

SUITS SETTLED OR DISMISSED.

Number of criminal actions	1,879
Number of civil actions *in personam*	390
Number of actions *in rem*	145
Total number of suits settled or dismissed	2,408

SUITS PENDING JULY 1, 1872.

Number of criminal actions	3,666
Number of civil actions *in personam*	2,000
Number of actions *in rem*	560
Total number of suits pending July 1, 1872	6,245

Amount of judgments recovered by United States in suits and civil actions *in personam* ..... $ 333,099 59

Amount of judgments recovered by United States in suits and civil actions *in personam* 1,837,361 00

Amount collected on judgments and paid into courts in suits and criminal actions 109,939 19

Amount collected on judgments and paid into court in suits in civil actions *in personam* $5,896,206 33

Amount collected on judgments and paid into court in actions *in rem*, or proceeds of forfeiture 444,431 93

Showing an increase in class 16 cents of 4,882,821 83

ABSTRACT OF SEIZURES.

Seizures for violation of internal revenue law during the fiscal year ended June 30, 1872, are as follows:

187,619 gallons of distilled spirits, valued at	$211,544 71
9,431 barrels of fermented liquors, valued at	47,847 00
102 pounds of snuff, valued at	65 85
254,526 pounds of tobacco, valued at	72,113 16
1,181,699 cigars, valued at	18,274 87
Miscellaneous property, valued at	296,417 08
Total value of seizures	646,263 27

The following exhibit shows a comparison of the receipts from all sources taxable during the last two fiscal years, not already presented in this report:

	Total.	Increase.	Decrease.
INCOME.			
Income from individuals (animal)	$ 3,546,341 53	$ 1,262,211 94	
Income from individuals (unanimal)	2,284,129 14	1,696,225 76	
Banks (circulation)	1,181,469 93		$ 43,530 07
Banks (deposits)	1,181,469 93		43,530 07
Banks (capital)	1,181,469 93		43,530 07
Bankers	1,181,469 93		43,530 07
Brokers	1,181,469 93		43,530 07
Manufactures	1,181,469 93		43,530 07
Gas	1,181,469 93		43,530 07
Advertisements	1,181,469 93		43,530 07
Yachts	1,181,469 93		43,530 07
Billiard tables	1,181,469 93		43,530 07
Carriages	1,181,469 93		43,530 07
Pleasure boats	1,181,469 93		43,530 07
Plate	1,181,469 93		43,530 07
Legacies	1,181,469 93		43,530 07
Sales at auction	1,181,469 93		43,530 07
Sales of stocks, bonds, &c	1,181,469 93		43,530 07
Sales of real estate	1,181,469 93		43,530 07
Stamps for tobacco	1,181,469 93		43,530 07
Stamps for manufactured tobacco	1,181,469 93		43,530 07
Stamps for snuff	1,181,469 93		43,530 07
Stamps for cigars	1,181,469 93		43,530 07
Stamps for cheroots	1,181,469 93		43,530 07
Stamps for cigarettes	1,181,469 93		43,530 07
Stamps for manufactures of tobacco	1,181,469 93		43,530 07
Stamps for snuff manufactures	1,181,469 93		43,530 07
Stamps for cigar manufactures	1,181,469 93		43,530 07
Stamps for cheroot manufactures	1,181,469 93		43,530 07
Stamps for cigarette manufactures	1,181,469 93		43,530 07
Quarry, oil and gas	1,181,469 93		43,530 07
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Stamps for tobacco or snuff imported	1,181,469 93		43,530 07
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Stamps for cigarette manufactures imported	1,181,469 93		43,530 07
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Stamps for snuff manufactures, manufactured or imported	1,181,469 93		43,530 07
Stamps for cigar manufactures, manufactured or imported	1,181,469 93		43,530 07
Stamps for cheroot manufactures, manufactured or imported	1,181,469 93		43,530 07
Stamps for cigarette manufactures, manufactured or imported	1,181,469 93		43,530 07
Penalties and forfeitures	1,181,469 93		43,530 07
Gauging	1,181,469 93		43,530 07
Storekeeping	1,181,469 93		43,530 07
Fees of all kinds	1,181,469 93		43,530 07
Bank deposits and bankers	1,181,469 93		43,530 07
Bank circulation	1,181,469 93		43,530 07
Bank capital	1,181,469 93		43,530 07
Total	$ 1,181,469 93	$ 2,958,437 01	$ 1,776,967 08

The increase on banks and bankers is $980,988; on gas, $288,596; and on adhesive stamps, $834,581. The decrease in the receipts of income from individuals was $6,510,961. $1,185,172 were, however, offset by the increase in the returns from corporations, so that the balance shows a total decrease on only $4,726,789. The large apparent falling of in the receipts of income from individuals is chiefly owing to a difference in the rate of tax. Of the $14,434,950, 568,967, or nearly 3.7 per cent, were collected at 5 per cent. under act of March 2, 1867, while the balance for that year and the whole amount for 1872 were returned under act of July 14, 1870, at 10 per cent. Estimating 2½ per cent. on the taxable income of the two years, there is a difference of only $87,742 in favor of 1871. The collections on the annual and monthly lists of 1871 amounted to $7,625,409. The fact will be remembered that the exceptional labor could be done in this office without increasing its force materially, and thus enable the discharge of the entire body of assessors officers. Inasmuch as the plan of reduction under the act of June 6, only provided *absolutely* for the reduction of some two-thirds of the principal officers, (69 in all,) and left the reduction of the assistants (over 3,000 officers) *discretionary*, it seemed to be the better plan to ask Congress to make the larger reduction and make that absolute. It is not an easy matter to put men of commission a thousand or more officers. Experience has demonstrated that nothing short of unequivocal, positive legislation would be sufficient to remove all doubt and suggests delay.

In view of the great confusion and loss of revenue anticipated by a general disturbance of the collecting offices; the simplicity and security of a system which shall have but one class of officers and those all under bonds; the fact that nothing is left for the assessment and no duty required to be performed by the collectors or this office, and that a saving of from one to two millions per annum of expense in salaries, &c., would be consistent with the purpose of the act of June last, can safely be anticipated, I have had prepared the outlines of a law which will give effect to the above ideas. This will be presented to the proper committees of the House of Representatives and the Senate immediately upon their reassembling in December proximo. If it is the judgment of Congress that this plan is preferable to that contemplated by the act of June, I ask their early adoption of it provisions, that it may be put into operation completely by the 30th of June, 1873.

In preparing the proposed plan I have consulted freely with the leading officers now in the service, as well as with many of those who heretofore have been prominent in it. Without an exception it has met their hearty concurrence. They have commended it with a view to its simplicity, concentration of responsibility, economy and the best experience of the government. This also is constructed as to drive several portions of every stamp into the wooden package, and lodge them there, so that if the stamp should be used the second time it would be quite impossible to supply the portions thus driven into the wood for re-location on any other package; and without the presence of the portions required to be driven into the wood the fraud would immediately be apparent.

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Stamps for cheroots	1,181,469 93		43,530 07
Stamps for cigarettes	1,181,469 93		43,530 07
Stamps for manufactures of tobacco	1,181,469 93		43,530 07
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Stamps for manufactures of tobacco imported	1,181,469 93		43,530 07
Stamps for snuff manufactures imported	1,181,469 93		43,530 07
Stamps for cigar manufactures imported	1,181,469 93		43,530 07
Stamps for cheroot manufactures imported	1,181,469 93		43,530 07
Stamps